

# LAFCO of Napa County

Local Agency Formation Commission

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## AGENDA ITEM NO. 8a

October 9, 2003

**TO:** Local Agency Formation Commission

**FROM:** Keene Simonds, Analyst

**SUBJECT:** *Comprehensive Water Service Study*: Service Review Determinations  
City of American Canyon  
City of Calistoga  
Town of Yountville  
Napa Sanitation District

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At its August 14, 2003 meeting, staff presented the Commission with draft determinations for the Cities of American Canyon, Calistoga, Town of Yountville, and the Napa Sanitation District as part of the *Comprehensive Water Service Study*. The draft determinations were accompanied by updated study sections for each affected agency and were presented to the Commission for a first-reading. Following this meeting, draft determinations and updated study sections were circulated for comment to each affected agency in anticipation of presenting final determinations at the Commission's October 9, 2003 meeting. In all, staff has received written comments from the Cities of American Canyon and Calistoga (copies attached).

Revisions to the draft determinations are identified below, and draft resolutions for each affected agency are offered for the Commission's consideration and approval. These draft resolutions making determinations with respect to each agency's water service operations would fulfill LAFCO's mandate under California Government Code §56430.

### City of Calistoga

#### Revision No. 1:

In the report received by the Commission in August, Determination No. 6 under the Infrastructure Needs or Deficiencies section reads:

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Harry Martin, Chair  
Councilmember, City of Napa

Mike Rippey Vice-Chair  
Supervisor, 5<sup>th</sup> District

Guy Kay, Commissioner  
Representative of the General Public

Ken Slavens, Commissioner  
Mayor, City of St. Helena

Brad Wagenknecht, Commissioner  
Supervisor, 1<sup>st</sup> District

Volker Eisele, Alt. Commissioner  
Representative of the General Public

Lori Luporini, Alt. Commissioner  
Vice-Mayor, City of American Canyon

Bill Dodd, Alt. Commissioner  
Supervisor, 4<sup>th</sup> District

Daniel Schwarz  
Executive Officer

The City of Calistoga requires improvements to its water treatment plant to independently meet maximum day water demands within its service area.

In order to highlight the City of Calistoga's decision to rely on imported potable water supplies with respect to meeting peak service demands, this determination has been revised to read:

The City of Calistoga requires improvements to its water treatment plant to independently meet maximum day water demands within its service area. In absence of expanding its treatment plant capacity, Calistoga will continue to rely on imported potable water deliveries to help meet maximum day water demands.

Revision No. 2:

In the report received by the Commission in August, Determination No. 3 under the Government Structure Options section reads:

The City of Calistoga is currently under a compliance order by the Department of Health Services to complete specified improvements to its water system as part of its domestic water supply permit. These improvements must be completed before DHS agrees to permit additional connections. Accordingly, it is not anticipated that Calistoga will pursue a change in its organization within the timeframe of this study.

The City of Calistoga has informed staff that the compliance order does not require that the improvements specified in the compliance order (commencement of dredging program for Kimball Reservoir and refurbishment of the Dwyer Street Pump Station) be completed before DHS agrees to permit additional connections. Accordingly, this determination has been revised and moved to the Infrastructure Needs or Deficiencies section (No. 10):

The City of Calistoga is currently under a compliance order by the Department of Health Services to complete specified improvements to its water system as part of its domestic water supply permit. These improvements include commencing a maintenance dredging program at Kimball Reservoir by 2004, and working with the City of Napa to refurbish the Dwyer Street Pump Station by 2005. Future studies should evaluate Calistoga's progress with respect to implementing these needed improvements.

## **Napa Sanitation District**

Revision No. 1:

In the report received by the Commission in August, Determination No. 3 under the Government Structure section reads:

It is anticipated that the growing demand for reclaimed water for agricultural and landscaping purposes in southern Napa County will create a demand for a change in Napa Sanitation District's organization or the execution of outside user agreements.

Recognizing that the extension of reclaimed water services through outside user agreements is permitted pursuant to Government Code Section §56133(e), this determination has been revised to read:

It is anticipated that the growing demand for reclaimed water for agricultural and landscaping purposes in southern Napa County will create a demand for outside user agreements with Napa Sanitation District. The extension of reclaimed water service outside Napa Sanitation District's jurisdictional and sphere of influence boundaries does not require the approval of LAFCO pursuant to Government Code Section §56133(e).

Revision No. 2:

In the report received by the Commission in August, Determination No. 4 under the Government Structure section reads:

Extension of Napa Sanitation District's reclamation program should be limited to parcels lying within its jurisdictional and sphere of influence boundary. Extension of reclaimed water service by contract or agreement to parcels outside these adopted boundaries must be approved by the Commission and based on specific findings pursuant to Government Code §56133.

Recognizing that the extension of reclaimed water services through outside user agreements is permitted under Government Code Section §56133(e), this determination has been removed.

**RECOMMENDATION**

It is recommended for the Commission to take the following action:

- 1) Approve the forms for the attached resolutions making determinations with respect to the water service operations for the City of American Canyon, City of Calistoga, Town of Yountville, and Napa Sanitation District pursuant to Government Code §56430.

Respectfully submitted,

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Keene Simonds  
Analyst

Attachments

- 1) Draft Resolutions
- 2) E-mail from the City of American Canyon
- 3) Letter from the City of Calistoga



**RESOLUTION NO. 03-27**

**RESOLUTION OF  
THE LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY  
MAKING DETERMINATIONS**

**COMPREHENSIVE WATER SERVICE STUDY  
SERVICE REVIEW  
CITY OF CALISTOGA**

**WHEREAS**, the Local Agency Formation Commission of Napa County (hereinafter referred to as “the Commission”) may conduct service reviews of local agencies pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code Sections 56000 et seq., hereinafter referred to as “Act”); and

**WHEREAS**, the Commission adopted a schedule for service reviews on October 11, 2001; and

**WHEREAS**, pursuant to Government Code Section 56430, the Executive Officer designated a countywide service review of public water service in Napa County, which includes territory served by the City of Calistoga; and

**WHEREAS**, pursuant to its adopted schedule, the Commission held a public workshop on the “Comprehensive Water Service Study”, including the service review of the City of Calistoga’s water services, on June 12, 2003; and

**WHEREAS**, the Executive Officer prepared a written report of this service review that was presented to the Commission in the manner provided by law; and

**WHEREAS**, the Commission heard and fully considered all the evidence presented at its public workshop on June 12, 2003 and at meetings of the Commission on August 14, 2003, and October 9, 2003; and

**WHEREAS**, as part of this service review, the Commission is required pursuant to Government Code Section 56430(a) to make a statement of written determinations with regards to certain factors.

**NOW, THEREFORE, THE COMMISSION DOES HEREBY RESOLVE, DETERMINE, AND ORDER** as follows:

1. In accordance with the adopted Local Agency Formation Commission Environmental Impact Report Guidelines, and applicable provisions of the California Environmental Quality Act (CEQA), the Commission hereby determines that this service review is exempt from the provisions of CEQA under Section 15306 of the State CEQA Guidelines (Title 14 of the California Code of Regulations Section 15306). The service review is a data collection and research study. The information contained within the service review may be used to consider future actions that will be subject to environmental review.
2. The Commission adopts the statement of determinations set forth in "Exhibit A" which is attached and hereby incorporated by reference.

The foregoing resolution was duly and regularly adopted by the Local Agency Formation Commission of Napa County, State of California, at a regular meeting held on the 9<sup>th</sup> day of October 2003, by the following vote:

AYES: Commissioners WAGENKNECHT, SLAVENS, MARTIN, KAY, AND RIPPEY

NOES: Commissioners NONE

ABSENT: Commissioners \_\_\_\_\_

ATTEST: EXECUTIVE OFFICER

Clerk of the Commission

By: \_\_\_\_\_

**EXHIBIT A**  
**COMPREHENSIVE WATER SERVICE STUDY**  
**SERVICE REVIEW**  
**CITY OF CALISTOGA**

**STATEMENT OF DETERMINATIONS**

1. With respect to infrastructure needs or deficiencies [Government Code §56430(a) (1)], the Commission determines that:
  - Through its local and imported water supply, the City of Calistoga has an adequate supply of water to meet existing and projected water demands under normal conditions within the timeframe of this study.
  - The City of Calistoga should continue to pursue opportunities to increase its available water supply and continue to expand its water conservation efforts. These actions will help to ensure an adequate water supply during periods of below normal and dry year conditions.
  - As a subcontractor of Napa County Flood Control and Water Conservation District, the City of Calistoga receives an annual entitlement of water drawn from the State Water Project. To account for the realities of water entitlements, Calistoga should continue to objectively differentiate between entitlements and actual deliveries in their water supply analysis. This is especially important to ensure an adequate supply of water during extended drought periods when deliveries are restricted.
  - In 2003, the Department of Water Resources issued the *State Water Project Delivery Reliability Report*. The report provides an assessment of SWP deliveries using historical precipitation rates along with projected land and water use demands through 2021, including delivery estimates during drought periods. This report is a valuable tool for SWP contractors and should be incorporated into Calistoga's water supply planning efforts.
  - The City of Calistoga has made reasonable efforts to secure additional water supplies to meet existing and projected water demands within its service area. This demonstrates a continued effort by Calistoga to address system needs and deficiencies in a timely manner.
  - The City of Calistoga requires improvements to its water treatment plant to independently meet maximum day water demands within its service area. In absence of expanding its treatment plant capacity, Calistoga will continue to rely on imported potable water deliveries to help meet maximum day water demands.

- The City of Calistoga requires improvements to its treated water storage facilities to independently meet maximum day water demands and ensure adequate reserves during an emergency or interruption in service.
  - The City of Calistoga requires improvements to its transmission system connecting its distribution system to the City of Napa to utilize its full amount of contracted entitlements drawn from the State Water Project.
  - The City of Calistoga operates the Dunaweal Wastewater Treatment Plant, which provides tertiary-level treatment to wastewater for reclamation uses. Due to high levels of boron residing in the treated wastewater (impact of processing groundwater), Calistoga's reclamation program is restricted to pasture irrigation and turf landscaping. Consequently, Calistoga's ability to alleviate future demands on its potable water supply through reclamation appears limited.
  - The City of Calistoga is currently under a compliance order by the Department of Health Services to complete specified improvements to its water system as part of its domestic water supply permit. These improvements include commencing a maintenance dredging program at Kimball Reservoir by 2004, and working with the City of Napa to refurbish the Dwyer Street Pump Station by 2005. Future studies should evaluate Calistoga's progress with respect to implementing these needed improvements.
2. With respect to growth and population projections for the affected area [Government Code §56430(a) (2)], the Commission determines that:
- The City of Calistoga evaluates its water service capacities using reasonable demand projections detailed in its *Water Facilities Plan (2000)*.
  - The calculation formula codified in Title 22 of the California Code of Regulations, Government Code §64412.2, is an appropriate method in estimating the total population served by the City of Calistoga's water service system. The population served by Calistoga's water system based on this calculation method is 4,752.
3. With respect to financing constraints and opportunities [Government Code §56430(a) (3)], the Commission determines that:
- The City of Calistoga has been successful in supplementing its capital reserves with outside financing to cover the costs of implementing needed capital improvements.



4. With respect to cost avoidance opportunities [Government Code §56430(a) (4)], the Commission determines that:
  - The City of Calistoga is a member of Napa County Flood Control and Water Conservation District's technical advisory committee, known as "Wartac." This group provides NCFCWCD with a consensus among the five cities and County as it relates to current and future water issues affecting Napa County. This advisory group provides Calistoga the opportunity to share costs with other participating agencies on projects of mutual interest and facilitates the exchange of service information.
  - The City of Calistoga is a funding participant in Napa County Flood Control and Water Conservation District's "2050 Study." This study's objective is to identify current and projected water demands within each participating agency's service area as well as document agricultural demands in unincorporated areas served by groundwater. This study will also examine the feasibility of pursuing cooperative water supply projects aimed at meeting countywide demands through 2050. Calistoga will benefit from the study and should continually explore collaborative opportunities aimed at identifying new and improved water supplies.
5. With respect to opportunities for rate restructuring [Government Code §56430(a) (5)], the Commission determines that:
  - In 2002, the City of Calistoga's City Council adopted its first water rate increase since 1994. The rate increase is spread out over a five-year time period and is intended to meet increased operational costs and to pay for needed capital improvement projects; surplus revenue generated from water rates is applied to a "working capital" account which funds water system improvement projects. The tiered increase in Calistoga's water rates over the next several years is a fair and equitable approach to passing increases in cost to the customer while maintaining the solvency of its water system operations.
  - Comparatively, the City of Calistoga's water rates are the highest among the five cities in Napa County. Calistoga should continue its efforts to educate its constituents with respect to the relationship between operational cost, infrastructure constraints, and water rates.

6. With respect to opportunities for shared facilities [Government Code §56430(a) (6)], the Commission determines that:

- As a subcontractor to Napa County Flood Control and Water Conservation District, the City of Calistoga is responsible for assuming its proportional costs for the delivery of water drawn from the State Water Project. Subcontractors are also responsible for paying a transportation charge that covers the cost associated with the infrastructure and facilities needed to capture and convey water to Napa County. These shared facilities include the North Bay Aqueduct and the Napa Turnout Reservoir. Costs relating to future upgrades and improvements to this conveyance system will be shared among each subcontractor as well as the Solano County Water Agency and its subcontractors.
- The City of Calistoga currently shares costs with the City of Napa to treat and deliver its allotment of water entitlements drawn from the State Water Project. This relationship provides the mechanism for both agencies to share cost with respect to future system improvements affecting each agency's water distribution systems.
- The City of Calistoga may have an opportunity to share costs and facilities with the City of St. Helena relating to its need to improve the conveyance system that connects its distribution system to the City of Napa. St. Helena recently purchased 1,000 acre-feet in SWP entitlements as part of Napa County Flood Control and Water Conservation District's water transfer agreement with Kern County Water Agency. However, St. Helena does not have the infrastructure needed to convey this entitlement to its distribution system. Accordingly, these two Upper-Valley cities may benefit from a collaborative project that increases delivery capacity of Calistoga's conveyance system while providing St. Helena access to its SWP entitlements.

7. With respect to government structure options, including advantages and disadvantages of consolidation or reorganization of service providers [Government Code §56430(a) (7)], the Commission determines that:

- The City of Calistoga is the only public agency providing water service within its jurisdictional boundary. There are two other public agencies empowered to provide water service whose jurisdictions overlap that of Calistoga: the Napa County Flood Control and Water Conservation District and Napa County Resource Conservation District. Both of these agencies have elected not to offer water service, and have expressed no intentions of doing so in the foreseeable future.
- There has not been a change in the City of Calistoga's organization since 1984 and its sphere of influence remains conterminous with its jurisdictional boundary.

8. With respect to evaluation of management efficiencies [Government Code §56430(a) (8)], the Commission determines that:

- Each year, the City of Calistoga provides a summary of past and projected revenues and expenditures stemming from its water service operations as part of its annual budget. The budget is adopted following public hearings in which members of the public are allowed to comment and offer suggestions with respect to expenditures relating to water service. In addition to enhancing the accountability of elected and appointed officials, the budget process provides a clear directive towards staff with respect to prioritizing city resources.
- In 2000, the City of Calistoga prepared its first comprehensive water facilities plan. The plan recommended approximately 13 million dollars in capital improvement projects to address existing and future water system requirements through 2005. The capital improvement program was adopted by Calistoga's City Council and demonstrates a reasonable effort on behalf of management to address and update water quality and service objectives in a timely and efficient manner.
- The City of Calistoga regulates the issuance of water connections in accordance with procedures specified in its Resource Management System. This system requires Calistoga's Public Works Department to provide the City's Planning and Building Department on a quarterly basis with a written report identifying current water use by customer class as well as the amount of available water. Planning and Building uses this information in determining whether to approve a new water connection with the caveat that the allocation of new connections remains 60/40 in favor of residential projects. This system facilitates communication between different branches of city services and works to ensure that the extension of water service to new development will not adversely affect the service conditions of existing customers.
- Through its recently adopted water rate increase that will continue to increase rates each year through 2006, the City of Calistoga is developing adequate capital reserves to finance necessary upgrades and improvements to its water system.

9. With respect to local accountability and governance [Government Code §56430(a) (9)], the Commission determines that:

- The City of Calistoga City Council meetings are conducted twice a month and are open to the public. Public inquiries involving water service operations can be addressed to the Council at this time. Regularly scheduled council meetings provide an opportunity for Calistoga's constituents to ask questions of their elected representatives, while helping to ensure that service information is being effectively communicated to the public.

Exhibit A

- The City of Calistoga makes reasonable efforts to maintain public dialogue with its constituents regarding its water service operations. These efforts facilitate local accountability and contribute towards public involvement in local governance.
- The City of Calistoga currently provides water service to approximately 72 connections outside its jurisdictional boundary. Although Calistoga no longer approves new connections or expansions of existing water connections for outside users, the City should continue to include the service demands of these users in their water supply analysis.
- The City of Calistoga is the only municipality in Napa County with an ordinance regulating the issuance of cold-water wells within its jurisdictional boundary. This demonstrates a concerted effort by Calistoga to implement proactive measures for the preservation and health of Napa County's groundwater basins.
- The City of Calistoga's administration and water service operations are maintained and managed by a responsive and professional staff. These characteristics enhance accountability and cultivate desirable working relationships with members of the public as well as other agencies.